



May 20, 2015

The Honorable Richard Shelby
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Shelby:

U.S. Mortgage Insurers (“USMI”)¹ welcomes the effort to make progress on increasing the reliance on private capital in housing finance as part of consideration by the Senate Banking Committee of the Financial Regulatory Improvement Act of 2015.

Specifically, USMI supports Section 706, which calls on the Government Sponsored Enterprises (“GSEs”) to engage in front-end risk sharing transactions. This directive would make greater use of private capital to “de-risk” the GSEs, lower the exposure and costs for the enterprises and taxpayers and should lower costs to borrowers. USMI supports this effort, and will continue to work with the Committee during the legislative process on clarifications to ensure the legislation has the intended effect of being “transaction neutral” to permit a variety of methods of up front risk sharing, with all risk sharing counterparties held to equivalent standards.

Promotion of greater up front risk sharing will help build a strong, stable housing finance system that provides access to sustainable and affordable mortgage credit while protecting taxpayers. We look forward to favorable action on this important effort.

Sincerely,

U.S. Mortgage Insurers

cc: The Honorable Sherrod Brown, Ranking Member
All members of the Senate Banking Committee

¹ USMI is a trade association composed of the following private mortgage insurance companies: Arch Mortgage Insurance Company, Essent Guaranty, Inc., Genworth Financial, Mortgage Guaranty Insurance Corporation, National Mortgage Insurance Corporation, and Radian Guaranty Inc.